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STATE SENATOR

SENATE BILL 86 TESTIMONY

Fraud, Waste and Mismanagement Hotline at the Legislative Audit Bureau

Committee on Ethics Reform and Government Operations

Tuesday, April 10, 2007

Chairperson Risser and committee members - thank you for allowing me the opportunity to address you today on Senate Bill 86.

Senate Bill 86 creates a toll-free hotline that citizens or state employees could call anonymously to report waste, fraud or mismanagement in state government programs.

The hotline will be housed in the Legislative Audit Bureau and the fiscal impact will be minimal as the legislation only requires the dedication of a phone line with voice mail to take the calls.

I have spoken with LAB regarding how the Bureau would manage the calls. LAB would request that when people call with tips, they leave their name and telephone number for a return call so that LAB can get more information regarding the nature of their call.

When fraud or mismanagement is reported, LAB would forward the allegation along to the appropriate state agency. Depending on the volume of reports, the LAB would develop a formal process to most effectively streamline these contacts.

In the event that there is an open records request, LAB would keep the name and phone number of the caller confidential. However, the subject of the call would be public record unless LAB was working on a particular audit when the open records request was made.

Many other states have established similar hotlines. Ohio has had the most documented success from their toll-free Fraud, Waste and Abuse Hotline. Since its inception, the hotline has received nearly 700 calls with more than 95 complaints filed and \$16.1 million dollars have been recovered and returned to the state treasury. Colorado and Tennessee have also seen successful results from similar initiatives.

I believe it is important to have an efficient and accountable government. The hotline will allow individuals who do not feel comfortable speaking with their supervisors or management the ability to call and report what they believe is fraud, abuse or mismanagement. Whether the complaint is about Medicaid fraud or misuse of money from a state grant, it is important that these individuals have a central location to call.

Thank you for your time and consideration of this issue. I am happy to try to answer any questions that you may have.